

Members

Sen. Luke Kenley, Chairperson  
Sen. Brandt Hershman  
Sen. John Broden  
Rep. Peggy Welch  
Rep. Eric Turner

Advisors

Sen. Robert Meeks  
Sen. Lindel Hume  
Rep. William Crawford  
Rep. Jeffrey Espich  
John Grew  
Steven Johnson  
Katrina Hall

LSA Staff:

Diane Powers, Fiscal Analyst for the Commission  
George Angelone, Attorney for the Commission

Authority: IC 2-5-3-2



# COMMISSION ON STATE TAX AND FINANCING POLICY

*Legislative Services Agency*  
200 West Washington Street, Suite 301  
Indianapolis, Indiana 46204-2789  
Tel: (317) 233-0696 Fax: (317) 232-2554

## MEETING MINUTES<sup>1</sup>

**Meeting Date:** July 23, 2007  
**Meeting Time:** 9:00 A.M.  
**Meeting Place:** Government Center South, 302 W.  
Washington St., Conference Center  
Auditorium  
**Meeting City:** Indianapolis, Indiana  
**Meeting Number:** 1

**Members Present:** Sen. Luke Kenley, Chairperson; Sen. Brandt Hershman; Sen. John Broden; Rep. Peggy Welch; Rep. Eric Turner; Sen. Robert Meeks; Sen. Lindel Hume; Rep. William Crawford; Rep. Jeffrey Espich; Steven Johnson; Katrina Hall.

**Members Absent:** John Grew.

### I. Call to Order and Introduction of Members

Sen. Luke Kenley, Chairperson, called the meeting to order at 9:05 AM. He then introduced the members of, and advisors to, the Commission. Sen. Kenley excused John Grew from the meeting.

### II. Presentation on Indiana's Property Tax System

Sen. Kenley introduced Dr. Larry DeBoer, professor at Purdue University, to make a presentation on historical developments in property taxation in Indiana. Dr. DeBoer gave a powerpoint presentation entitled "Indiana Property Taxes: How We Got here". (See Exhibit A).

Dr. DeBoer then introduced Bill Sheldrake, president of Policy Analytics, to give a presentation on property tax relief legislation from the 2007 session of the Indiana General Assembly. Mr. Sheldrake gave a powerpoint presentation to the Commission entitled "Legislative Actions Re

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<sup>1</sup> Exhibits and other materials referenced in these minutes can be inspected and copied in the Legislative Information Center in Room 230 of the State House in Indianapolis, Indiana. Requests for copies may be mailed to the Legislative Information Center, Legislative Services Agency, 200 West Washington Street, Indianapolis, IN 46204-2789. A fee of \$0.15 per page and mailing costs will be charged for copies. These minutes are also available on the Internet at the General Assembly homepage. The URL address of the General Assembly homepage is <http://www.in.gov/legislative/>. No fee is charged for viewing, downloading, or printing minutes from the Internet.

Property Tax Relief in 2007". (See Exhibit B).

Sen. Kenley then allowed members to ask questions concerning the presentations. The Commission discussed the following issues with the presenters:

- Growth in the assessed value of residential property versus all other property.
- Problems concerning the current assessment system including:
  - lack of comparative sales data for business property;
  - using the construction cost method for assessing business property;
  - possible erroneous assessments.
- Percentages of property tax revenue going to schools versus local government.
- Local option income taxes for property tax relief.
- Shifts in property tax burden between business and residential property.
- Trending implementation issues.
- The property tax appeals process.
- The elimination of property taxes.
- The growth in the budgets of each unit levying property taxes.

### III. Public Testimony

Sen. Kenley recognized Sen. Teresa Lubbers to testify before the Commission. Sen. Lubbers spoke to the Commission about the problems with the current property tax system, and she presented options for amending the system including eliminating property taxes, limiting the annual increase in assessed value, and increasing the Sales Tax and/or the Adjusted Gross Income (AGI) Tax to offset property taxes. Sen. Lubbers submitted her testimony in writing to the Commission. (See Exhibit C).

Sen. Kenley then asked Sen. Pat Miller to testify. Sen. Miller introduced Greg Meyer to testify concerning his problems with property taxes. Mr. Meyer discussed the issues facing people with disabilities and people on fixed incomes as a result of the recent increases in property taxes. After Mr. Meyer concluded his remarks, Sen. Miller went on to discuss actions that could be taken by the Commission, the General Assembly, and the Governor to deal with these property tax issues. Sen. Miller submitted her testimony in writing to the Commission. (See Exhibit D).

Sen. Kenley then opened the meeting for public testimony. He asked that everyone testifying attempt to limit their comments to three minutes or less to allow time for everyone to speak. There was public testimony from approximately 11:00 AM until the Commission broke for lunch at 12:15 PM, and public testimony continued when the Commission reconvened at 1:15 PM. There were approximately 35 people who testified. The issues discussed between the public and Commission members were as follows:

- Changing the property tax rebate provided in HEA 1478-2007 to a credit to be applied to current property tax bills.
- Limiting spending by all units of government.
- Limiting or capping annual increases in taxes and/or assessed values.
- Addressing problems for people on fixed incomes.
- Unifying property tax levies and control under a central authority.
- Limiting the number of assessors.
- Eliminating property taxes.
- Changing or eliminating the Department of Local Government Finance.
- Discussing and addressing assessment issues including:
  - neighborhood factors
  - assessment of business property

- equity in the assessment system
- market value assessment issues
- assessor training
- elected versus contracted assessors
- simplifying the assessment process
- further use of methods of assessment other than comparable sales.
- Increasing other taxes to offset the property tax.
- Issues concerning people who buy homes that increase greatly in value
- The effects of increased property taxes on renters and rental owners.
- The effects of these increases on the real estate market.
- Using a referendum for property tax increases.
- Changing the current petition and remonstrance procedures for school projects.
- Requiring state and local government units to revise FY 2008 budgets for give immediate relief.
- Using the state surplus to provide immediate property tax relief.
- Proposing a constitutional amendment to repeal and prohibit property taxes.
- Convening a special session of the Indiana General Assembly to address property tax issues.
- Changing the law allowing Marion County to increase certain local income taxes.
- Providing senior citizens with property tax relief.
- The effectiveness of allowing a county council to adopt a local option income tax for property tax relief.
- Providing homestead credits at the time of closing.
- Analyzing comparable property values at every property tax appeal.
- Assessing fees for public safety services.
- Implementing fees for nonprofit entities who are exempt from property taxes.
- Adopting a commuter tax to provide property tax relief in Marion County.
- Eliminating township government.
- Equalizing rates and assessments.
- Remembering individuals rather than relying on averages.
- Adding more citizen representation to the membership of the Commission.
- Requiring real estate developers to pay fees to offset property tax increases.
- Basing all property tax calculations on the purchase price of the property.
- Encouraging long term property ownership.
- Adding the property tax line items and calculations to the state AGI Tax forms.
- Implementing revenue sharing across the state to equalize tax burdens.

Several individuals testifying on the issues above either submitted supporting documents or written testimony to the Commission. (See Exhibits E - K).

#### IV. Other Business and Adjournment

Sen. Kenley announced the Commission would meet on Monday, July 30, 2007 at 9:00 AM in Room 431 of the State House. He then asked if there was any other business to come before the Commission. Seeing none, Sen. Kenley adjourned the meeting at 4:00 PM.